

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---------------------------|---|---------------------|
| THE NOTICE OF GAS COST |) | |
| RECOVERY FILING OF |) | CASE NO. 2003-00457 |
| BLUEGRASS GAS SALES, INC. |) | |

O R D E R

On May 31, 1996, in Case No. 1994-00433, the Commission approved rates for Bluegrass Gas Sales, Inc. ("Bluegrass") and provided for their further adjustment on a quarterly basis in accordance with Bluegrass's gas cost adjustment ("GCA") clause.

On November 26, 2003, Bluegrass filed its proposed GCA to be effective January 1, 2004.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Bluegrass's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Bluegrass's expected gas cost ("EGC") is \$6.3385 per Mcf, 68.96 cents per Mcf less than its previous EGC of \$7.0281.
3. Bluegrass's notice sets out no current quarter refund adjustment.
4. Bluegrass's notice sets out a current quarter actual adjustment ("AA") of (5.88) cents per Mcf. Bluegrass's notice sets out a total AA of \$1.2521 per Mcf, which is a decrease of 2.71 cents per Mcf from the previous total AA.

5. Bluegrass's notice sets out a current quarter balance adjustment ("BA") of (15.19) cents per Mcf. Bluegrass's notice sets out a total BA of (5.81) cents per Mcf, which represents a decrease of 12.21 cents per Mcf from the previous total BA.

6. Bluegrass's GCA is \$7.5325 per Mcf, which is 83.88 cents per Mcf less than the previous rate of \$8.3713.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Bluegrass on and after January 1, 2004.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 1, 2004.

2. Within 20 days of the date of this Order, Bluegrass shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 16th day of December, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2003-00457 DATED December 16, 2003

The following rates and charges are prescribed for the customers served by Bluegrass Gas Sales, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

| | <u>Base Rate</u> | Gas Cost Recovery <u>Rate</u> | <u>Total</u> |
|------------------------|------------------|-------------------------------------|--------------|
| All Mcf (Minimum Bill) | \$4.6137 | \$7.5325 | \$12.1462 |